



**PROPOSED RULE MAKING
(RCW 34.05.320)**

CR-102 (7/22/01)
**Do NOT use for expedited
rule making**

Agency: Department of Agriculture

X Preproposal Statement of Inquiry was filed as WSR 04-06-074; or
☐ Expedited Rule Making -- Proposed notice was filed as WSR _____; or
☐ Proposal is exempt under RCW 34.05.310(4).

X Original Notice
☐ Supplemental Notice
to WSR _____
☐ Continuance of WSR _____

(a) Title of rule: (Describe Subject) WAC 16-250-155, Tonnage fee requirements, and WAC 16-252-155, Tonnage fee required

Purpose: The purpose of the proposed amendments is to increase tonnage feeds for commercial feed and pet food/specialty pet food from nine cents per ton to twelve cents per ton.

Other identifying information: None

(b) Statutory authority for adoption: RCW 15.53.9018, Section 309(2) of chapter 25, Laws of 2003, 1st Special Session (ESSB 5404) and chapter 34.05 RCW

Statute being implemented: RCW 15.53.9018 and Section 309(2) of chapter 25, Laws of 2003, 1st Special Session (ESSB 5404)

(c) Summary: The department is proposing to increase the inspection fees in WAC 16-250-155 and WAC 16-252-155 in order to reduce a feed program funding deficit. The feed program is funded entirely from fees (registration fees, license fees and inspection fees). From January 1980 to the present, inspection fees have increased from eight cents/ton to nine cents/ton. The one-cent/ton increase occurred in 1996 and was used to support the feed program's share of the department's administrative costs. The 1996 one-cent/ton fee increase **was not** used to fund program activities. The three-cent/ton increase that the department is proposing will not completely address the feed program funding deficit, but it will give the department and its feed advisory committee sufficient time to address long-term program funding needs and solutions. Section 309(2) of chapter 25, Laws of 2003, 1st Special Session (ESSB 5404) authorizes the department to propose a fee increase in excess of the Office of Financial Management (OFM) fiscal growth rate factor.

Reasons supporting proposal: Without the proposed increase, the department will be forced to curtail the services that it offers to the commercial feed and pet food/specialty pet food industries.

(d) Name of Agency Personnel Responsible for:	Office Location	Telephone
1. Drafting.....Ted Maxwell	1111 Washington St. SE, 2 nd Floor	(360) 902-2026
2. Implementation.. Ted Maxwell	1111 Washington St. SE, 2 nd Floor	(360) 902-2026
3. Enforcement..... Ted Maxwell	1111 Washington St. SE, 2 nd Floor	(360) 902-2026

(e) Name of proponent (person or organization): Washington State Department of Agriculture
☐ Private
☐ Public
☒ Governmental

(f) Agency comments or recommendations, if any, as to statutory language, implementation, enforcement and fiscal matters: None

(g) Is rule necessary because of:

Federal Law?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	If yes, ATTACH COPY OF TEXT
Federal Court Decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	Citation:
State Court Decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	

(h) HEARING LOCATION:
Natural Resources Bldg., Rm. 259
1111 Washington St.
Olympia, WA

Date: June 30, 2004 Time: 1:00 p.m.

Assistance for persons with disabilities: Contact
Virginia Walsh by June 14, 2004

TDD (360) 902-1996 or () _____

NAME (TYPE OR PRINT)

Bob Arrington

SIGNATURE

TITLE

Assistant Director

DATE

May 19, 2004

Submit written comments to:
Laurie Mauerman
Washington State Department of Agriculture
PO Box 42560
Olympia, WA 98504-2560
E-mail: lmauerman@agr.wa.gov
FAX (360) 902-2093 By 5:00 p.m., June 30, 2004

DATE OF INTENDED ADOPTION: July 6, 2004

CODE REVISER USE ONLY

(COMPLETE REVERSE SIDE)

(j) Short explanation of rule, its purpose, and anticipated effects:

The purpose of the proposed amendments is to increase tonnage fees for commercial feed and pet food/specialty pet food from nine cents per ton to twelve cents per ton in WAC 16-250-155 and WAC 16-252-155. The department is proposing to increase these inspection fees in order to reduce the feed program's funding deficit. The feed program is funded entirely from fees (registration fees, license fees and inspection fees). From January 1980 to the present, inspection fees have increased from eight cents/ton to nine cents/ton. The one-cent/ton increase occurred in 1996 and was used to support the feed program's share of the department's administrative costs. The 1996 one-cent/ton fee increase **was not** used to fund program activities. The three-cent/ton increase that the department is proposing will not completely address the feed program funding deficit, but it will give the department and its feed advisory committee sufficient time to address long-term program funding needs and solutions. Section 309(2) of chapter 25, Laws of 2003, 1st Special Session (ESSB 5404) authorizes the department to propose a fee increase in excess of the Office of Financial Management (OFM) fiscal growth rate factor. Without the proposed increase, the department will be forced to curtail the services that it offers to the commercial feed and pet food/specialty pet food industries.

Does proposal change existing rules? ☒ YES ☐ NO

If yes, describe changes:

The proposal increases the tonnage fees in WAC 16-250-155 and WAC 16-252-155 from nine cents per ton to twelve cents per ton.

(k) Has a small business economic impact statement been prepared under chapter 19.85 RCW?

☐ Yes. Attach copy of small business economic impact statement.

A copy of the statement may be obtained by writing to:

telephoning: ()

faxing: ()

☒ No. Explain why no statement was prepared

In order to mitigate any potential adverse economic impact of its proposed increase in commercial feed and pet food/specialty pet food tonnage fees, the department is delaying the effective date of the increases until January 1, 2005. In addition, since the department could not determine the potential cost impact of its proposed tonnage fee increase, it conducted an economic impact survey. A survey, cover letter and a stamped envelope addressed to the department's Rules Coordinator was mailed (March 29, 2004) to all commercial feed licensees licensed by the department and pet food/specialty pet food registrants registered with the department (514 surveys). All licensees and registrants were given until April 26, 2004, to complete and return the survey. One survey was returned as "undeliverable". Respondents, representing a response rate of 27.1%, returned one hundred and thirty-nine surveys. Of those returned, one hundred and fourteen respondents (82.0%) indicated that the proposed tonnage fee increases would have no effect upon their business.

The twenty-five respondents, who reported that the proposed tonnage fees would increase their cost of doing business, reported a total annual cost of compliance of \$7,986. Using information gathered on the survey, the department has calculated an estimated average cost of compliance per:

- Full-time employee of \$10.26;
- One hundred dollars of sales of \$00.00; and
- Tons of feed distributed of \$00.01

The department does not consider these costs to be "more than minor" and, therefore, has not prepared a formal Small Business Economic Impact Statement as described in chapter 19.85 RCW.

(l) Does RCW 34.05.328 apply to this rule adoption? ☐ Yes ☒ No

Please explain: The Washington State Department of Agriculture is not a listed agency in RCW 34.05.328 (5)(a)(i).